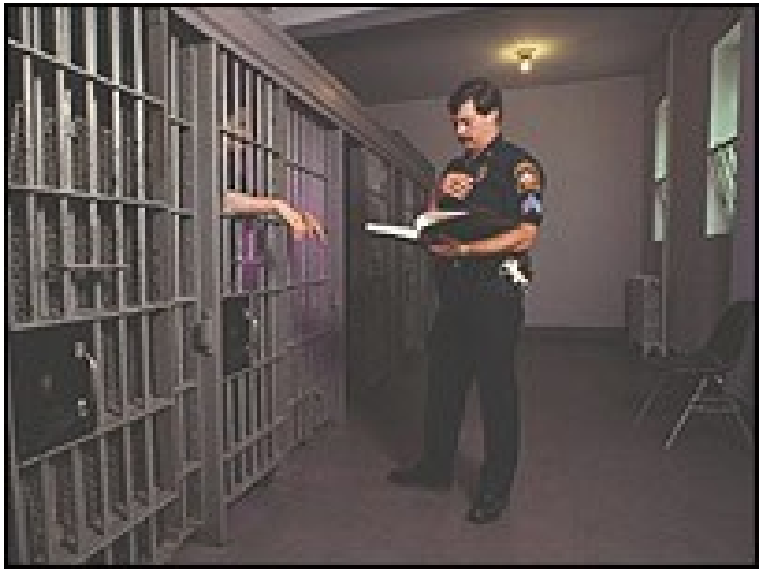
# *Installation Commander Fiduciary Responsibility*

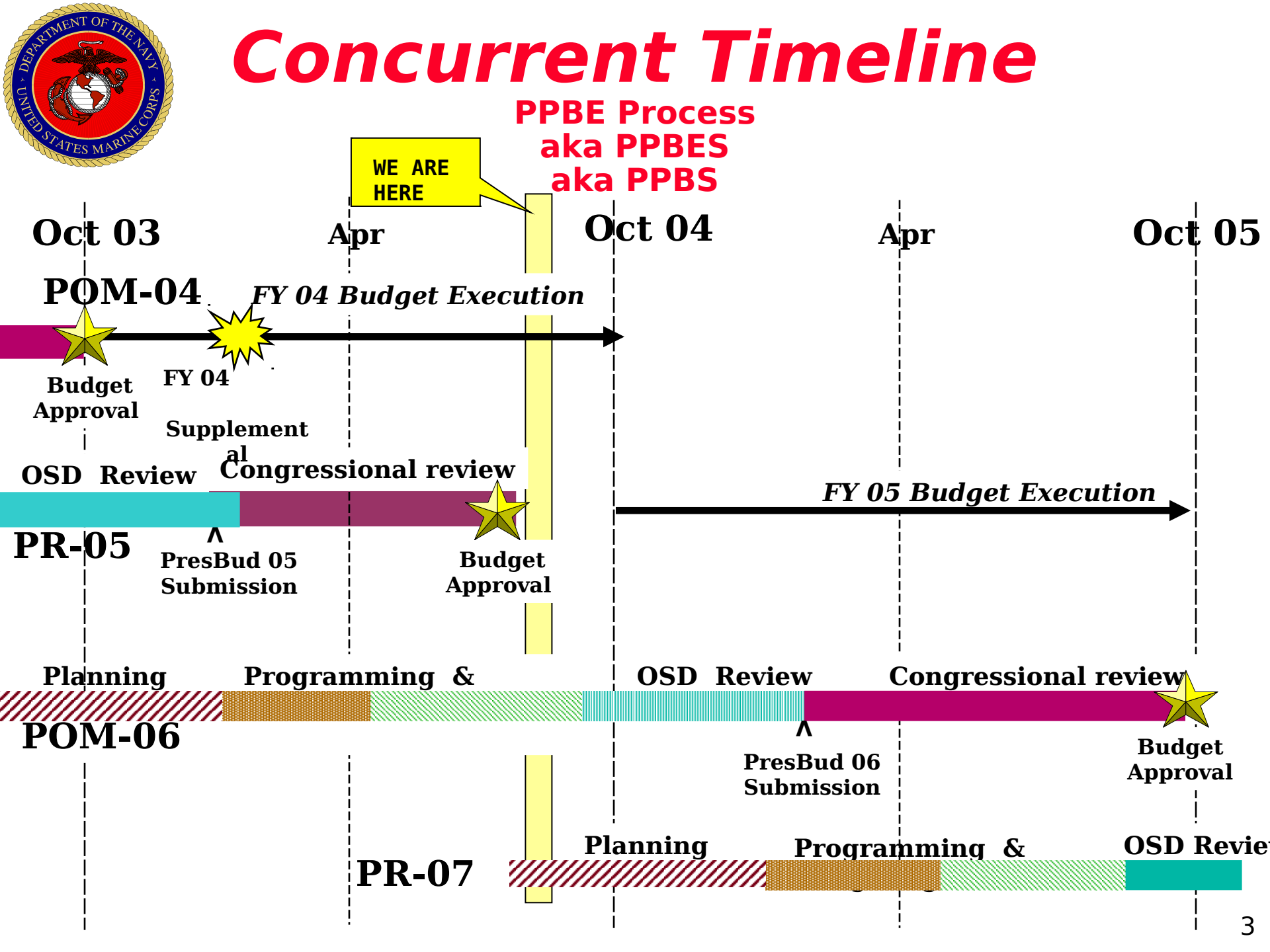
**Mr. Charles Cook**
**Fiscal Director of the Marine Corps**
**25 August 2004**

# Outline

- **The Big Picture**
- **The Commander's Responsibility**
  - **How to stay out of jail**
- **Philosophy**

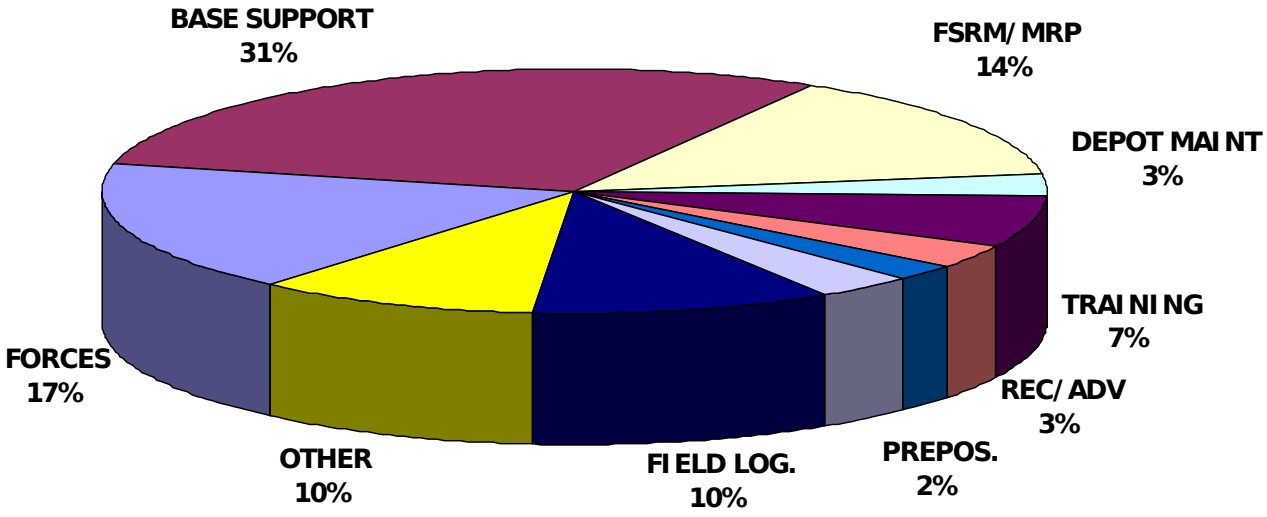


# Concurrent Timeline

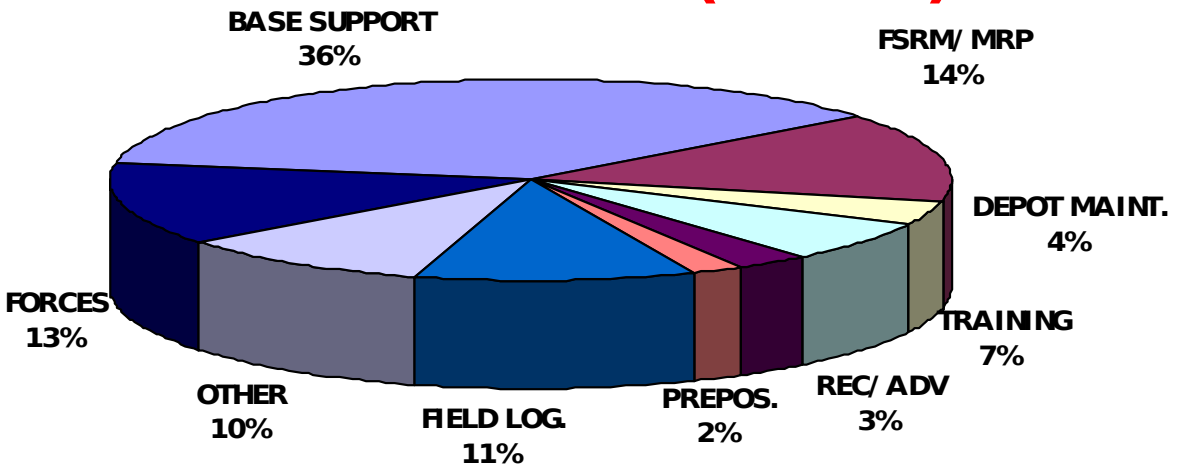


# Program Balance (FYDP) O&M,MC

## FY-05




## FYDP (06-11)



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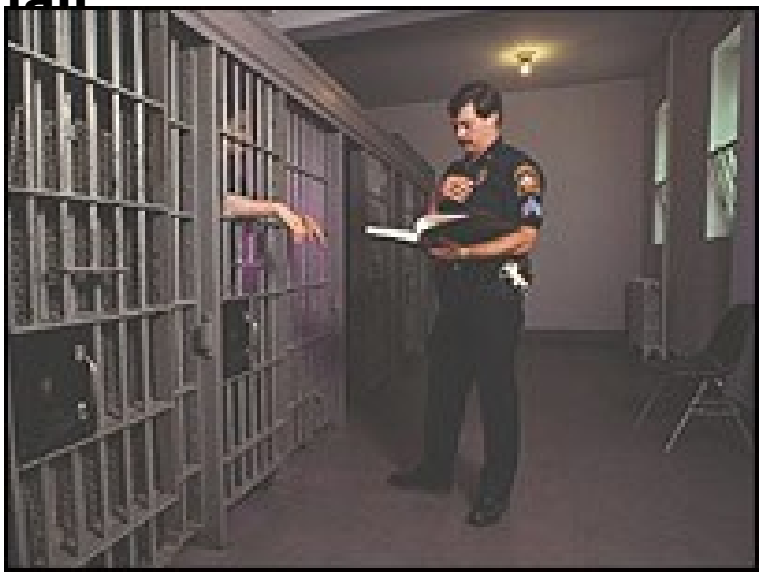
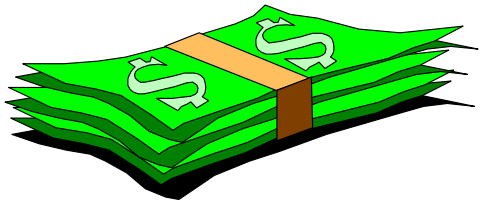


# Financial Management - A Leadership Function



- **Inherent in Command**
- **Funds Allocated to COMMANDER**
- **May Not Overcommit, Overobligate, or Overexpend**
  - **(Antideficiency Act - 31 U.S.C. § 1517)**
- **Only use funds for Purpose for Which Appropriated**
  - **(Color of Money - 31 U.S.C. § 1301a)**
- **Be Aware of Both Amount and Purpose for Which Items are Appropriated**

# Antideficiency Act

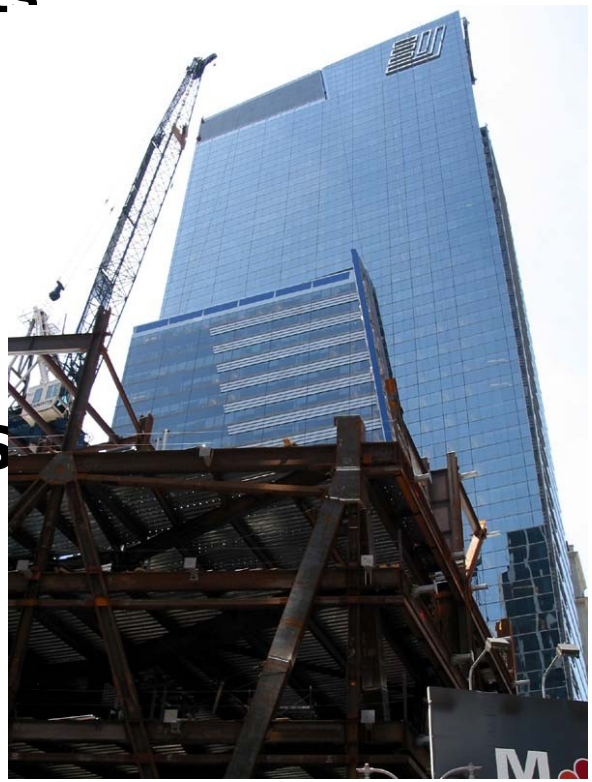
- **Violations are serious matters**
- **Commander's judgment does not override law**
  - **Appropriations may not pay for employees' personal items**
  - **Per U.S. Army Counsel, "The law gives us no authority to disregard what we view as trivial … such an approach is ultimately destructive because we substitute our notions of what is important for the rule of law…"**
- **Your Comptroller in consultation with General Counsel is the expert on financial matters…**

# Recent Antideficiency Act Violations

- **Human Resources Operation Center**
  - O&M funds were used to purchase software licenses that were part of a system with a total cost in excess of $100,000.
  - Violation: Exceeded the expense/investment threshold
  - Procurement funds should have been used
- **Naval Support Unit**
  - O&M funds were used to obtain contract guard services.
  - Violation: U.S. Code prohibits use of appropriated funds to obtain security guard functions at any military installation or facility.
- **Camp Pendleton Ranch House**
  - Spent more for maintenance and repair to a flag quarters than statutory limitation
  - Limit $35,000 in FY2003

# Construction

- **Unspecified Minor Construction (O&M $)**
  - **Not more than $750,000 total project cost**
  - **Not more than $1,500,000 for projects solely to correct a life, health, or safety threatening condition**
  - **Cannot “split” projects to get under threshold**
  - **Cannot be used to build new military family housing**
- **Major Construction (MilCon $**
  - **Requires Authorization <u>and</u> Appropriation**
  - **Is a product of the PPBE cycle**



# Facilities Sustainment, Restoration, & Modernization (FSRM)

- **Repair and Alteration**
  - **“Restores a real property facility, system, or component to such a condition that it may be effectively used for its designated functional purpose” - 10 USC § 2811 (e)**
  - **Not more than $5,000,000**
  - **No new construction or expansion of existing buildings**
  - **Must be cost effective compared to a new facility**
  - **Funded with Operations & Maintenance Appropriation**

# Expense / Investment Threshold

- **If System/End Item cost is:**
  - **Greater than or equal to $250,000 = PMC**
  - **Less than $250,000 = O&M**
  - **Exception: If centrally managed PMC is used regardless of amount**
    - » **Example: Garrison Mobile Equipment (MCO P11240.106B)**
- **Total System Concept (Investment/PMC)**
  - **# of components will be interconnected**
  - **And/or designed primarily to operate together**
  - **With intent to satisfy a specific requirement**
  - **Must not be acquired in a piecemeal manner**
  - **The components or a system cannot be purchased in a piecemeal manner to circumvent the threshold restriction**

# Comptroller

- **Plans, Coordinates, and Supervises Financial Management Functions and Services**
- **Your Chief Financial Advisor**
- **Needs Your Complete Suppo**
  **“Honest Broker”**
- **Bottom Line:**

  **Use Your Co**

  **Don’t abuse your Comptrolle**

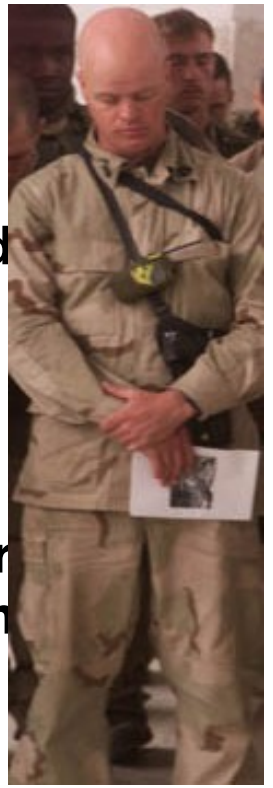
# Three Key Financial Issues

1. **Make "Prompt Bill Payment" One of Your Command Priorities**
   - **Must Submit Documents to DFAS on time to avoid incurring interest charges**
   - **Interest payments come from YOUR account**
   - **FY01 USMC Interest Payment was $2M, which buys...**
     - **2 LAV-25's or**
     - **40 HMMWV's or**
     - **489 M249 SAW or**
     - **11 TOW Missiles or**
     - **4 M198 Artillery pieces or**
     - **3,413 M16A2 Service Rifles**
     - **3 M9 Armored Combat earthmovers or**
     - **333 AN/PVS-7B Night Vision Goggles**

# Three Key Financial Issues

## 2. Monitor & Review Outstanding Obligations and Balances

- Throughout the fiscal year, not just at the end
- Requires Supply/Comptroller personnel to scrub accounting records to identify and correct discrepancies
- Labor intensive
- Must ask fund managers questions about their funds status and how it compares to their plan
- **"There's gold in them thar hills"**



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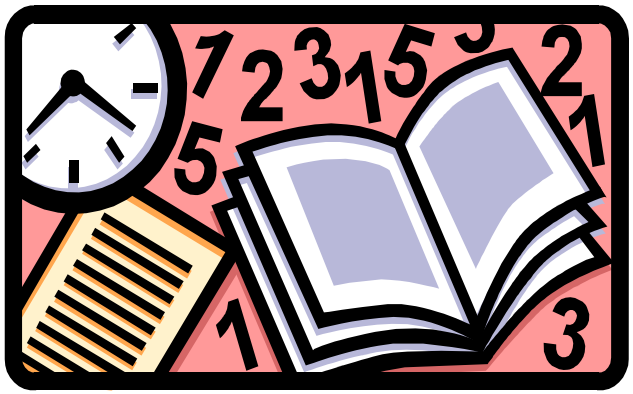
# Three Key Financial Issues

## 3. Automation of Financial Transactions

- 50% of USMC transactions are manual and payment process non-standard across USMC
- USMC Goal is to automate miscellaneous transactions by 30 June 2005 using Wide Area Work Flow (WAWF)
  - WAWF now FOC at all installations
  - But, WAWF can be more fully utilized
- P&R, I&L, SYSCOM working closely with installations

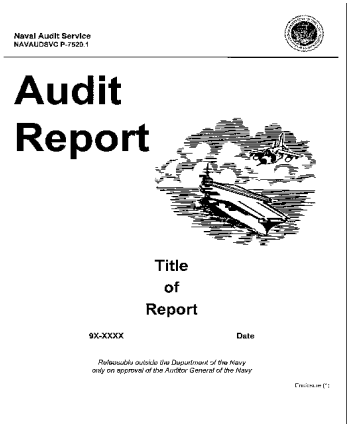


# Internal Controls Program

- **Your Early Warning System**
- **CMC White Letter 3-96 / MCO 5200.24C**
- **Statutory Requirement under Federal Managers Financial Integrity Act**
- **Commander's Role:**
  - **Know your Internal Controls Program**
  - **Require your Commanders' and Principle Staffs' involvement**
  - **Prepare annual certification to CMC via Chain of Cmd.**
  - **Identify & correct control weaknesses**

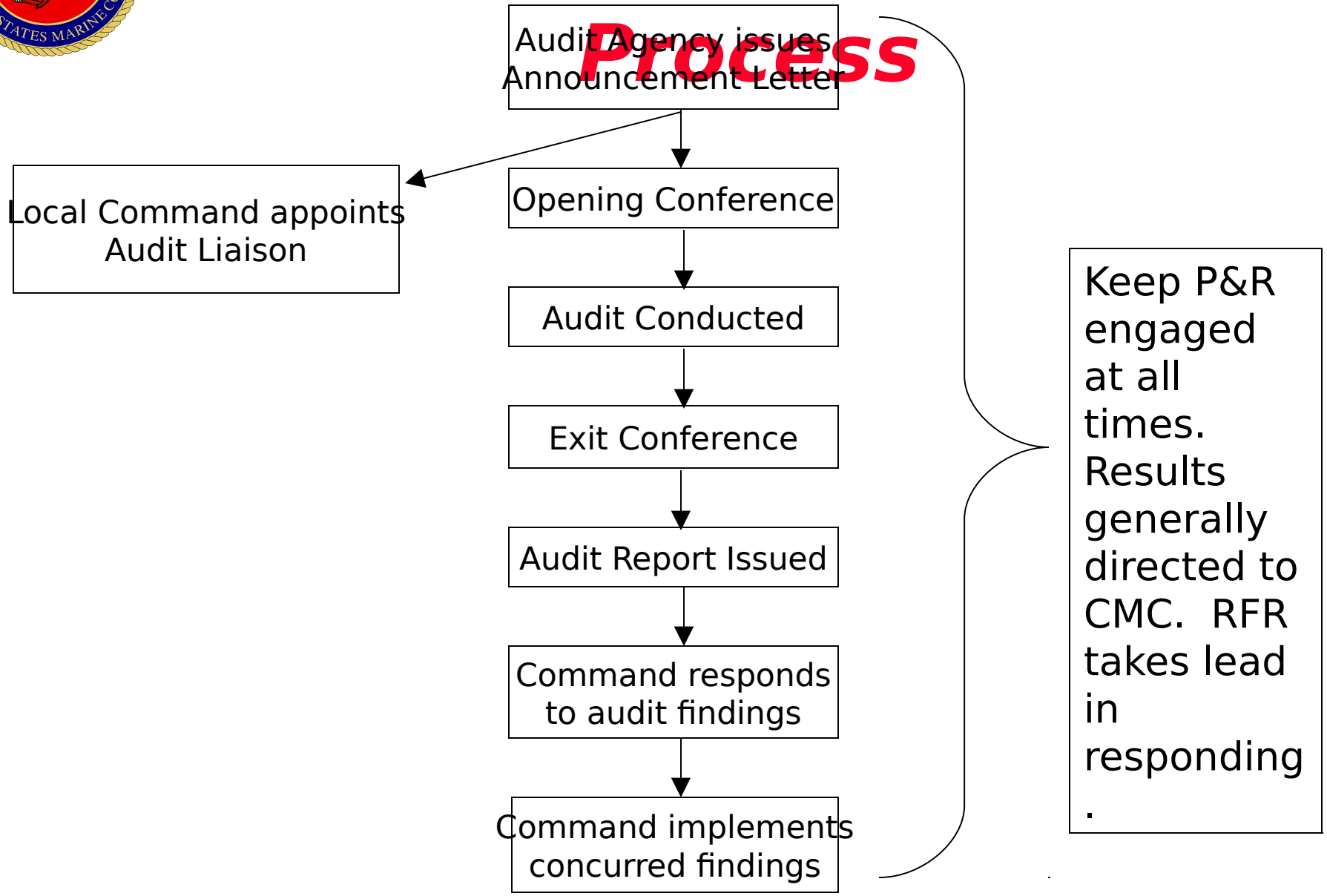
# Auditors: A Fact of Life

- GAO, DoD IG, and NAS Auditors are Staying Busy
- Properly Cleared Auditors: Broad Access to Records and Personnel
- Auditors Confined to Scope of Audit - No Fishing Expeditions Allowed
- Beware of “Savings” vs. “Cost Avoidance” Claims
- Without Logical Rebuttal, Claimed Savings = Budget Cuts
- Current Audit Emphasis Areas:
  - -Readiness/Readiness Reporting
  - -Ground Training
  - -Financial Transactions
  - -Internal Controls
  - -Chemical/Biological Issues
  - -Aviation Programs
  - -GTCC/GCPC
  - -OIF/OEF Funding




**Requires Commander’s Attention**
**Keep HQMC Appraised**

# Auditor Notification & Process


Audit Agency issues Announcement Letter
Local Command appoints Audit Liaison
Opening Conference
Audit Conducted
Exit Conference
Audit Report Issued
Command responds to audit findings
Command implements concurred findings
Keep P&R engaged at all times. Results generally directed to CMC. RFR takes lead in responding .

# Government Credit Cards

- **Government Commercial Purchase Card (GCPC)**
  - **OSD – DoN policy…**
  - **Managed at the Command level by Activity Program Coordinators (APCs)**
  - **Requires aggressive, systematic review and reconciliation of transactions**
  - **Pecuniary Liability**
  - **Recent abuses**
    - **Flowers**
    - **Leather flight jackets as personal gifts**
    - **Taxidermy service**
    - **Automobile Lease**
    - **Gentlemen's Clubs**

# Government Credit Cards

- **Government Travel Charge Cards (GTCC)**
  - **Congressionally mandated, DoD-directed Program**
  - **APC must be part of check in/out procedures**
  - **Split-Disbursement now re**
  - **Very few exceptions**
  - **Abuses**
    - **Jewelry**
    - **Cruises**
    - **Tickets to sporting events**
    - **Internet Gambling**
    - **Escort Services**

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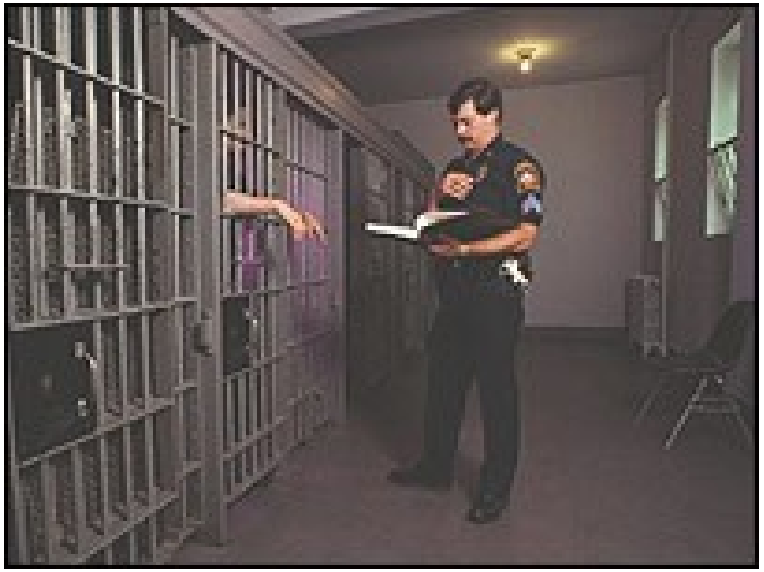


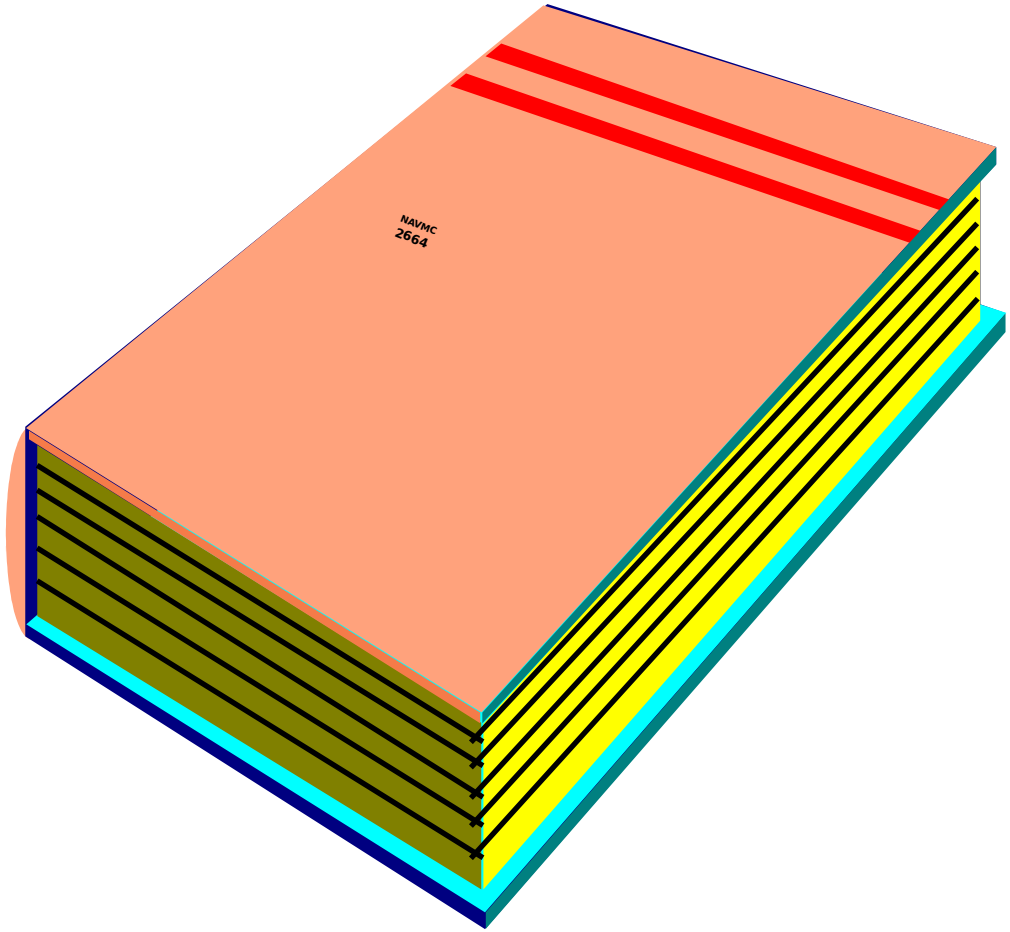
# What can you do?

- **Know how much your installation's equipment is worth (and where it is!)**
- **Emphasize taking care of quarters and facilities**
- **Reward Marines who save money/time/resources**
- **Prohibit stashes**
- **Fight "use it or lose it" justifications**
- **Realize the direct link between a Marine's integrity and his financial responsibility**

# *Litmus Test for Commanders*

- **Is this a necessary expense?**
- **Will it withstand public scrutiny?**
- **Am I being a good steward of government resources?**
- **Do you want this on the front page of the Washington Post? (How will you explain it to the CMC?)**

# Financial Guidebook for Commanders




- **Informative**
- **Non-Technical**

# Navy and Marine Corps
# The Power of Teamwork

# Questions